



Guidelines For Estimating Feedlot Finishing Costs

For Weight Range of 650 - 1400 lbs.

Based on feeding 500 Steers

Information Update

DATE: September, 2001

Cattle feeding is a high risk business requiring large amounts of short term capital to buy feeder cattle and feed. With cyclical price variations for both livestock and feed, successful management involves careful consideration of costs, projection of markets and sound judgement.

The following budget is an estimate of the costs of production encountered in finishing beef cattle in a farm feedlot situation. The purpose of this budget is to assist Manitoba livestock producers to calculate their own cost of production and take into consideration the factors that should be included when budgeting to determine breakeven prices.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Note that on farm feed costs are based on market prices at the farm. It is assumed that all feed is grown on the farm, except for supplements. Each assumption must be examined and adjustments made, where necessary, to apply to the producer's own situation

Feedlot Finishing Cattle Production Cost Summary 2001

	<u>Cost/Head</u>	<u>Total Cost</u>	<u>Your Cost</u>
A. Operating Costs			
1. Feed Costs			
1.01 Rolled Barley	262.08	131,040	_____
1.02 Barley Silage	42.19	21,095	_____
1.03 Grass Hay	2.06	1,030	_____
1.04 Supplement	<u>21.50</u>	<u>10,750</u>	_____
Total Feed Costs	\$327.83	\$163,915	_____
2. Other Operating Costs			
2.01 Feeder Cost	989.63	494,815	_____
2.02 Straw	10.00	5,000	_____
2.03 Veterinary Medicine & Supplies	17.62	8,810	_____
2.04 Annual Fuel & Repair Costs	7.20	3,600	_____
2.05 Utilities	5.40	2,700	_____
2.06 Marketing & Transportation	63.98	31,990	_____
2.07 Insurance	7.36	3,680	_____
2.08 Manure Removal	5.40	2,700	_____
2.09 Barn & Office Supplies	0.32	160	_____
2.10 Death Loss	<u>11.80</u>	<u>5,901</u>	_____
Subtotal Operating Costs	1,446.54	723,271	_____
2.11 Operating Interest	<u>62.27</u>	<u>31,135</u>	_____
Total Operating Costs	\$1,508.81	\$754,406	_____
B. Fixed Costs			
3. Depreciation			
3.01 Buildings	5.55	2,775	_____
3.02 Machinery & Equipment	12.00	6,000	_____
4. Investment			
4.01 Buildings	2.72	1,358	_____
4.02 Machinery & Equipment	<u>3.60</u>	<u>1,800</u>	_____
Total Fixed Costs	\$23.87	\$11,933	_____
Total Operating and Fixed Costs	\$1,532.68	\$766,339	_____
C. Labour	20.00	10,000	_____
TOTAL COST OF PRODUCTION	\$1,552.68	\$776,339	_____
Cost per lb of gain sold	<u>\$/cwt</u>		
Feed Costs	\$48.21		_____
Operating Costs	\$78.50		_____
Operating & Fixed Costs	\$82.01		_____
Total Costs	\$84.95		_____
Breakeven Selling Price			
Operating Costs	\$113.44		_____
Operating & Fixed Costs	\$115.24		_____
Total Costs	\$116.74		_____

Assumptions

1. Average daily gain (ADG) was assumed to be 3 lbs/day.
2. It was assumed that the feeder steer weighed in at 650 lbs., and finished at 1400 lbs (1330 lbs after a 5% shrink.)
3. Days on feed was 250. Hay was fed for 15 days.
4. Investment in feedlot facilities and equipment was assumed to handle 500 head.

Feedlot Finishing Production Cost Worksheet

A. Operating Costs

Your Cost

1. Feed Costs

1.01 Rolled Barley

	250	days on grain	_____
x	18.5	lbs/feeder/day	_____
÷	48	lbs/bushel	_____
x	<u>\$2.72</u>	/bushel	_____
=	\$262.08	/feeder	_____

1.02 Barley Silage

	250	days on silage	_____
x	12.5	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	<u>\$27.00</u>	/ton	_____
=	\$42.19	/feeder	_____

1.03 Grass Hay

	15	days on hay	_____
x	5.0	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	<u>\$55.00</u>	/ton	_____
=	\$2.06	/feeder	_____

1.04 Supplement (Salt, Vitamins, Minerals, Ionophore)

	250	days on supplement	_____
x	0.8	lbs/feeder/day	_____
÷	2,000	lbs/ton	_____
x	<u>\$215.00</u>	/ton	_____
=	\$21.50	/feeder	_____

2. Other Operating Costs**2.01 Feeder Cattle Cost**

Buying Commission

\$6.50 /feeder

Trucking-in

\$1.25 /cwt

x 650 lbs/feeder

+ 100 lbs/cwt

= \$8.13 /feeder

650 lbs/feeder

x \$150.00 /cwt

+ 100 lbs/cwt

= \$975.00 /feeder

Total = \$989.63 /feeder**2.02 Straw**

0.50 tons/feeder/year

x \$20.00 /ton

= \$10.00 /feeder

2.03 Veterinary Medicine & Supplies

Cattle Medication

\$5.40 IBR,PI3,BVD,BRSV

+ \$0.64 Vitamin A,D & E

+ \$3.80 External & Internal Parasites

+ \$0.55 Blackleg

+ \$3.20 Implant

+ \$3.00 Antibiotics

= \$16.59 /feeder

Professional Services

\$90.00 /hour charge

x 2.50 hours

÷ 500 feeder cattle

= \$0.45 /feeder

Transportation Costs

		\$0.90	/km charge	_____
x		80	kilometres	_____
x		4	visits	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$0.58	/feeder	_____
Total	=	\$17.62	/feeder	_____

2.04 Annual Fuel & Repair Costs

		\$1,300	repairs	_____
+		\$2,300	fuel costs	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$7.20	/feeder	_____

2.05 Utilities

		\$2,700	/year	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$5.40	/feeder	_____

2.06 Marketing & Transportation

Trucking		700	miles	_____
x		\$3.00	/loaded mile	_____
÷		<u>38</u>	<u>head/load</u>	_____
=		\$55.26	/feeder	_____
Other US Costs	+	\$8.72	/feeder	_____
Total	=	\$63.98	/feeder	_____

2.07 Insurance

		\$136,707	building & equipment investment	_____
x		\$0.60	/\$100 capital	_____
÷		100	/\$100 capital	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$1.64	/feeder/year	_____
		\$628,750	feeder investment	_____
x		\$0.45	/\$100 capital	_____
÷		100	/\$100	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$5.66	/feeder/year	_____

		\$30.00	liability premium	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$0.06	/feeder/year	_____
Total	=	\$7.36	/feeder	_____

2.08 Manure Removal

		\$2,700	annual removal cost	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$5.40	/feeder	_____

2.09 Barn & Office Supplies

		\$160.00	total barn expenses	_____
÷		<u>500</u>	<u>feeder cattle</u>	_____
=		\$0.32	/feeder	_____

2.10 Death Loss

		\$989.63	feeder cattle cost	_____
+		\$1,370.76	maximum value	_____
÷		2.0	average value	_____
x		<u>1.00</u>	<u>% mortality rate</u>	_____
=		\$11.80	/feeder	_____

2.11 Operating Interest

		\$989.63	feeder cost	_____
+		\$222.56	½ of feed & other costs	_____
x		7.50	% operating interest	_____
x		250	days on feed	_____
÷		<u>365</u>	<u>365 days</u>	_____
=		\$62.27	/feeder	_____

Capital Costs

Buildings, Corrals & Water System

Windbreak fence	\$4,900	_____
Pens	\$3,027	_____
Handling Facilities	\$4,000	_____
Waterers	\$4,000	_____
Gates	\$1,280	_____
Bunk Feeders	\$23,000	_____
Well & Pressure System	\$3,500	_____
Grain Bin	\$3,000	_____
Landscaping	<u>\$15,000</u>	_____
Total	\$61,707	_____

Machinery & Equipment

Tractor & Loader	\$50,000	_____
Miscellaneous	<u>\$25,000</u>	_____
Total	\$75,000	_____

Total Investment **\$136,707** _____

B. Fixed Costs

3. Depreciation

Original Cost - Salvage Value

Useful Life

3.01 Buildings

	\$61,707	original cost	_____
-	\$6,171	salvage value	_____
+	20	years useful life	_____
÷	<u>500</u>	<u>feeder cattle</u>	_____
=	\$5.55	/feeder	_____

3.02 Machinery & Equipment

	\$75,000	original cost	_____
-	\$15,000	salvage value	_____
+	10	years useful life	_____
÷	<u>500</u>	<u>feeder cattle</u>	_____
=	\$12.00	/feeder	_____

4. Investment

$$\frac{\text{Original Cost} + \text{Salvage Value}}{2} \times \text{Investment Rate}$$

4.01 Buildings

	\$61,707	original cost	_____
+	\$6,171	salvage value	_____
÷	2	average	_____
x	4.0	% investment rate	_____
÷	500	feeder cattle	_____
=	\$2.72	/feeder	_____

4.02 Machinery & Equipment

	\$75,000	original cost	_____
+	\$15,000	salvage value	_____
÷	2	average	_____
x	4.0	% investment rate	_____
÷	500	feeder cattle	_____
=	\$3.60	/feeder	_____

C. Labour

	2.0	hours/feeder/year	_____
x	\$10.00	/hour	_____
=	\$20.00	/feeder	_____

Breakeven Calculations**Cost per lb of gain sold****Your Farm****Feed Costs**

	\$327.83	feed cost
+	<u>680</u>	<u>weight gain</u>
=	\$0.48	/lb

Operating Costs

	\$1,508.81	operating costs
-	\$975.00	feeder cost
+	<u>680</u>	<u>weight gain</u>
=	\$0.79	/lb

Total Operating & Fixed

	\$1,532.68	operating & fixed
-	\$975.00	feeder cost
+	<u>680</u>	<u>weight gain</u>
=	\$0.82	/lb

Total Costs

	\$1,552.68	total
-	\$975.00	feeder cost
+	<u>680</u>	<u>weight gain</u>
=	\$0.85	/lb

Breakeven selling price**Operating Costs**

	\$1,508.81	operating costs
+	<u>1,330</u>	<u>lbs shrunk weight</u>
=	\$1.13	/lb

Operating & Fixed

	\$1,532.68	operating & fixed costs
+	<u>1,330</u>	<u>lbs shrunk weight</u>
=	\$1.15	/lb

Total Costs

	\$1,552.68	total costs
+	<u>1,330</u>	<u>lbs shrunk weight</u>
=	\$1.17	/lb

For more information contact your local Manitoba Agriculture and Food Office.

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